

## Daily Treasury Outlook

18 October 2024

### Highlights

**Global:** US equity indices closed mixed on Thursday (Dow: +0.37% - record high close; Nasdaq: +0.04%; S&P 500: -0.02%) while 10-yr UST yields rose. Economic data releases from the US were largely positive. Specifically, the advanced retail sales reading for September came in above expectations, rising 0.4% MoM (1.7% YoY) in September compared to 0.1% in August (versus consensus: 0.3%). Total sales for the July-September 2024 period rose by 2.3% YoY. In addition to the strong retail sales report, the Philadelphia Fed Index rose to 10.3 in October from 1.7 in September, higher than the consensus 3.0 and indicating expansion in overall manufacturing activity. In addition, the business survey reported that ‘expectations for growth over the next six months were more widespread this month as most future indicators rose.’ The Atlanta Fed’s GDPNow model estimates the economy to grow by 3.4% QoQ saar in 3Q24, up from 3.2% in the 9 October estimate. Across the Atlantic, the European Central Bank (ECB) cut its benchmark interest rates by 25bp, in line with expectations and bringing its deposit facility rate to 3.25%. The statement noted that “The incoming information on inflation shows that the disinflationary process is well on track. The inflation outlook is also affected by recent downside surprises in indicators of economic activity.”

**Market Watch:** This morning, Japan’s headline CPI for September came in within expectations at 2.5% YoY (August: 3.0%), while core CPI surprised to the upside at 2.4% YoY (August: 2.8%; consensus: 2.3%). Supercore CPI, which strips fresh food and energy prices, ticked up slightly to 2.1% YoY (August: 2.0%; consensus: 2.0%). Market focus today will be on a slew of Chinese data, which include 3Q24 GDP, industrial production, retail sales and fixed asset investment for September. Malaysia will release September trade data but more importantly, Budget 2025 will be introduced in parliament at 4pm local time. Tonight, the US will release housing starts and building permits for September. Elsewhere, news of Israeli forces killing Hamas leader Yahya Sinwar will keep geopolitical developments at the forefront.

**Oil:** Brent and WTI rose for the first time in five sessions by 0.3% and 0.4% respectively and closing at USD74.5/bbl and USD70.7/bbl. News of the death of Hamas leader Yahya Sinwar have increased the risk of geopolitical tensions intensifying, further exacerbated by Israeli Prime Minister Benjamin Netanyahu saying operations are “yet to be completed”. The US Energy Information Administration (EIA) report showed that US stockpiles fell by 2.19mn barrels last week, indicating strong demand in the US.

### Key Market Movements

Equity	Value	% chg
S&P 500	5841.5	0.0%
DJIA	43239	0.4%
Nikkei 225	38911	-0.7%
SH Comp	3169.4	-1.0%
STI	3625.3	1.0%
Hang Seng	20079	-1.0%
KLCI	1641.4	0.5%
	Value	% chg
DXY	103.825	0.2%
USDJPY	150.21	0.4%
EURUSD	1.0831	-0.3%
GBPUSD	1.3011	0.2%
USDIDR	15495	-0.1%
USDSGD	1.3143	0.1%
SGDMYR	3.2794	-0.1%
	Value	chg (bp)
2Y UST	3.97	3.43
10Y UST	4.09	7.84
2Y SGS	2.66	0.70
10Y SGS	2.75	3.59
3M SORA	3.46	-0.67
3M SOFR	5.22	-0.54
	Value	% chg
Brent	74.45	0.3%
WTI	70.67	0.4%
Gold	2693	0.7%
Silver	31.70	0.0%
Palladium	1046	1.8%
Copper	9516	-0.4%
BCOM	98.33	0.1%

Source: Bloomberg

## Major Markets

**ID:** Indonesia Battery Corporation (IBC) and a unit of China's battery giant, Contemporary Amperex Technology Co (CATL), have formed a joint venture (JV) to establish a battery cell manufacturing plant in Indonesia. The joint venture is expected to invest up to USD1.18bn in a plant with a capacity of 15 gigawatt hours, as reported by Antara. The plant aims to meet both domestic and global demand and is scheduled to commence production in 2027. Elsewhere, President-elect Prabowo is set to assume office on Sunday (20 October).

**MY:** The Malaysian Investment Development Board (Mida) approved 12 data center projects with a total investment of MYR90.2bn from 2021 to June 2024. Six projects, worth MYR68.bn, have been completed and are operational in Johor, Selangor, and Kuala Lumpur. The remaining six projects are in the planning or construction stages, with locations in Negeri Sembilan, Selangor, and Johor, according to the Ministry of Investment, Trade, and Industry (Miti).

**TH:** Tourist arrivals rose 18.3% YoY (-14.9% MoM) in September to 2.52mn arrivals. Cumulative year-to-September arrivals have increased by 30.1% YoY to 26.1mn tourists. Chinese tourist arrivals continued to show strong growth, increasing by 64.8% YoY in September (August: 85.1%).

**VN:** The State Bank of Vietnam (SBV) is considering potential changes in its policy rates to support economic growth and businesses, according to SBV deputy governor Dao Minh Tu. In a statement, SBV mentioned that "With good liquidity and plenty of room for lending growth, lenders have favorable conditions to provide loans to the economy.", as loan growth rose 9% from end 2023 as of 30 September.

## ESG Updates

**MY:** OCBC Bank (Malaysia) Bhd is introducing the SME Energy Efficiency Assessment (SMEEA) tool to Malaysian SMEs to allow them to evaluate their property's energy usage as part of efforts towards obtaining a green loan. The tool was developed by Singapore's Building and Construction Authority of Singapore (BCA) to provide SMEs with greater access to green loans. It allows SMEs to better understand their current position in their sustainability journey and access solutions required to start a sustainability plan.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 1-2bps higher, and belly tenors and 10Y trading 3bps higher. Sino-Ocean Group Holding Ltd. (“Sino-Ocean”) will be in a London court today with creditors where a judge will determine if the company can initiate a restructuring process under UK law. Sino-Ocean is currently pursuing a dual track restructuring process - one under UK law for all forms of debt and a separate process in Hong Kong for loans. Bloomberg Asia USD Investment Grade spreads tightened 1bps to 77bps while Bloomberg Asia USD High Yield spreads tightened by 5bps to 469bps. (Bloomberg, OCBC)

### New Issues:

There were five notable issuances in the Asiadollar market yesterday:

- Wuhan Metro Group Co Ltd priced a USD400mn 3Y Sustainability, Fixed at T+68bps.
- Ningbo Haishu Development Construction Investment Group Co Ltd priced a USD150mn 3Y Fixed at Par to Yield 4.65%.
- Korea Water Resources Corporation priced a USD110mn 2Y Green, FRN at SOFR+70bps.
- VLL International, Inc. priced a USD50mn Retap of VLLPM 9.375% '29s at 9.375%.
- Shinhan Card Co.,Ltd. priced a USD200mn 3Y FRN at SOFR+95bps.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- Korea Housing Finance Corp. is planning to issue a USD FRN dual-listed senior unsecured formosa bond with an expected tenor of 5Y.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.825	0.23%	USD-SGD	1.3143	0.07%
USD-JPY	150.210	0.38%	EUR-SGD	1.4236	-0.22%
EUR-USD	1.083	-0.29%	JPY-SGD	0.8750	-0.32%
AUD-USD	0.670	0.43%	GBP-SGD	1.7103	0.23%
GBP-USD	1.301	0.16%	AUD-SGD	0.8801	0.51%
USD-MYR	4.309	0.28%	NZD-SGD	0.7965	0.11%
USD-CNY	7.123	0.05%	CHF-SGD	1.5178	0.02%
USD-IDR	15495	-0.12%	SGD-MYR	3.2794	-0.08%
USD-VND	25177	0.77%	SGD-CNY	5.4190	0.00%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.2070	-0.87%	1M	4.7595	-0.16%
3M	3.2080	-0.22%	2M	4.6986	-0.06%
6M	3.0470	-0.33%	3M	4.6332	-0.15%
12M	2.7430	-0.83%	6M	4.4484	-0.15%
			1Y	4.1268	-0.15%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
11/07/2024	-0.920	-0.230	4.599
12/18/2024	-1.707	-0.427	4.402
01/29/2025	-2.445	-0.611	4.218
03/19/2025	-3.362	-0.841	3.988
05/07/2025	-4.085	-1.021	3.807
06/18/2025	-4.748	-1.187	3.642

## Equity and Commodity

Index	Value	Net change
DJIA	43,239.05	161.35
S&P	5,841.47	-1.00
Nasdaq	18,373.61	6.53
Nikkei 225	38,911.19	-269.11
STI	3,625.25	34.63
KLCI	1,641.44	8.81
JCI	7,735.04	86.10
Baltic Dry	1,676.00	-90.00
VIX	19.11	-0.47

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.66 (+0.01)	3.97(--)
5Y	2.67 (+0.04)	3.9 (+0.05)
10Y	2.75 (+0.04)	4.09 (+0.08)
15Y	2.81 (+0.03)	--
20Y	2.8 (+0.02)	--
30Y	2.74 (+0.03)	4.39 (+0.09)

## Financial Spread (bps)

	Value	Change
EURIBOR-OIS	#N/A	N/A
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	4.86
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.67	0.40%	Corn (per bushel)	4.068	0.5%
Brent (per barrel)	74.45	0.31%	Soybean (per bushel)	9.888	0.9%
Heating Oil (per gallon)	219.45	0.91%	Wheat (per bushel)	5.895	0.8%
Gasoline (per gallon)	204.68	0.32%	Crude Palm Oil (MYR/MT)	43.420	-0.7%
Natural Gas (per MMBtu)	2.35	-0.84%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9516.00	-0.44%	Gold (per oz)	2692.7	0.7%
Nickel (per mt)	17005.00	-1.59%	Silver (per oz)	31.7	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
10/18/2024	PH	BoP Overall	Sep	--	--	\$88m	--
10/18/2024 04:00	US	Net Long-term TIC Flows	Aug	--	\$111.4b	\$135.4b	\$137.9b
10/18/2024 07:30	JN	Natl CPI YoY	Sep	2.50%	2.50%	3.00%	--
10/18/2024 07:30	JN	Natl CPI Ex Fresh Food YoY	Sep	2.30%	2.40%	2.80%	--
10/18/2024 10:26	US	Monthly Budget Statement	Sep	\$60.0b	--	-\$380.1b	--
10/18/2024 10:00	CH	GDP YoY	3Q	4.50%	--	4.70%	--
10/18/2024 10:00	CH	Industrial Production YoY	Sep	4.60%	--	4.50%	--
10/18/2024 10:00	CH	Retail Sales YoY	Sep	2.50%	--	2.10%	--
10/18/2024 10:00	CH	Industrial Production YTD YoY	Sep	5.70%	--	5.80%	--
10/18/2024 14:00	UK	Retail Sales Inc Auto Fuel MoM	Sep	-0.40%	--	1.00%	--
10/18/2024 14:00	UK	Retail Sales Inc Auto Fuel YoY	Sep	3.20%	--	2.50%	--
10/18/2024 14:00	UK	Retail Sales Ex Auto Fuel MoM	Sep	-0.30%	--	1.10%	--
10/18/2024 14:00	UK	Retail Sales Ex Auto Fuel YoY	Sep	3.10%	--	2.30%	--
10/18/2024 15:30	TH	Gross International Reserves	Oct-11	--	--	\$240.7b	--
10/18/2024 16:30	HK	Unemployment Rate SA	Sep	3.00%	--	3.00%	--
10/18/2024 20:30	US	Housing Starts	Sep	1350k	--	1356k	--

Source: Bloomberg

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